

City of Detroit

CITY COUNCIL

IRVIN CORLEY, JR.
DIRECTOR
(313) 224-1076

FISCAL ANALYSIS DIVISION
Coleman A. Young Municipal Center
2 Woodward Avenue, Suite 218
Detroit, Michigan 48226
FAX: (313) 224-2783
E-Mail: irvin@cnci.ci.detroit.mi.us

ANNE MARIE LANGAN
DEPUTY DIRECTOR
(313) 224-1078

TO: Warren Palmer, Director
Planning & Development Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 26, 2010

RE: 2010-2011 Budget Analysis

24.

Attached is our budget analysis regarding your department's budget for the upcoming 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Tuesday, April 27, 2010 at 3:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Terri Wilson, Budget Department Team Leader
Norman White, Chief Financial Officer
Kamau Marable, Mayor's Office

I:\10-11 BUDGET\DAILIES-FINAL\DHPDD.doc

Planning Development Department (36)

FY 2010-11 Budget Analysis by the Fiscal Analysis Division

Summary

The Planning Development Department is a General Fund agency.

The recommended 2010-11 Budget totals \$53.8 million. The budget decreases by \$3.195 million (5.6%) from the current fiscal year.

The department's net tax cost is \$2,567,706, which increases by \$6,147,906. The increase is due primarily to a corresponding \$6.5 million decrease in Sales in City Real Property.

In the recommended budget, the department receives 93.1% of its revenues from federal grants, which consists of Community Development Block Grant funds, and HOME Program funds. The Mayor, however, anticipates that the department will receive \$3 million less in grant revenues in the upcoming fiscal year.

The City Council deliberates over the federal dollars in the budget during its review and approval of the city's Consolidated Plan that is submitted to HUD. Consequently, this budget analysis concentrates on the General Fund and Capital Improvement budgets of the department.

The Mayor recommends no change in the department's capital improvement funds budget, leaving it at zero (0) in the 2010-11 FY.

According to the Budget department, the Mayor recommends a net decrease of 8 positions, consisting of the elimination of 17 Grant positions, offset by the transfer of 9 positions to the department in 2010-11 FY. The transfer include, 4 from the Finance Department's Office of Targeted Business, 3 from Human Rights and 2 from the Mayor's Office (Executive to the Mayor V and Assistant to the Mayor III).

2008-09 Surplus/(Deficit)

The Mayor anticipates a \$573,240 deficit for the department. The deficit is due to an appropriation surplus of \$766,760 due to vacancies, offset by a \$1.34 million revenue deficit due primarily to land sales shortfalls.

Overtime

The department's overtime budget for 2009-10 is \$10,948. The Mayor recommends \$12,652 in overtime for the department in 2010-11, an increase of 1,704 (15.6%).

Personnel and Turnover Savings

The Mayor recommends no turnover savings for the department in the 2009-10 Budget.

The following is information by appropriation comparing FY 2009-10 positions, as of March 31, 2010 filled positions and FY 2010-11 recommended positions:

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2009-10</u>	<u>Filled Positions 3/31/2010</u>	<u>Mayor's Budget Positions FY 2010-11</u>	<u>Over/(Under) Actual to 09/10 Budget</u>	<u>Mayor's Recommended Turnover</u>
Planning & Development Department (36)					\$
00015 Real Estate-City	13	0	0	(13)	-
360052 Planning and Develop Resour	6	7	0	1	\$
360053 ONCR	1	0	0	(1)	-
360105 Planning City	0	0	0	0	\$
360131 Real Estate City	0	21	0		-
360145 Development City	5	4	0	(1)	\$
00883 Development-City	12	32	0	20	-
360010 Administration	19	19	14	0	\$
360012 Grants/MIS	9	8	8	(1)	-
360013 Financial Management	14	14	13	0	\$
360015 Contract Compliance	10	10	7	0	-
06040 PDD Administration-BG	52	51	42	(1)	\$
360060 Development	18	18	0	0	-
360100 Planning	12	10	0	(2)	\$
06044 Development-BG	30	28	0	(2)	-
360080 Home Administration	10	11	0	1	\$
06106 Home Program 94 Administration	10	11	0	1	-
360090 Housing Services	36	35	0	(1)	\$
06667 NRR Rehab. Program Staff	36	35	0	(1)	-
11134 Ofc. of Neighborhood Development	2	0	0	(2)	\$
360036 Neighborhood Development-Admin.	11	11	0	0	-
360037 Neighborhood Development-Public	0	0	0	0	\$
360038 Comm. Based Org/Eco Dev Tech	4	4	0	0	-
11494 Comm. Based Org/Eco Dev Tech Asst	15	15	0	0	\$
365010 Welcome Center/Business Admin	0	0	3	0	-
365020 DBB Certifications	0	0	1	0	\$
365030 Office of Neighborhood & Commer	0	0	3	0	-
365040 Development - City	0	0	2	0	\$

13166 Business Outreach	0	0	9	0	\$ -
365060 Abatement Approvals and Minitor	0	0	3	0	\$ -
365070 Development BG	0	0	20	0	\$ -
13167 Administration	0	0	23	0	\$ -
365080 Real Estate - City	0	0	10	0	\$ -
365090 GIS Services	0	0	3	0	\$ -
13168 Real Estate and GIS Services	0	0	13	0	\$ -
13169 Planning	0	0	12	0	\$ -
365110 Housing Services	0	0	37	0	\$ -
365120 Neighborhood Development - Admin	0	0	5	0	\$ -
365130 Neighborhood Development - Publ	0	0	8	0	\$ -
365140 Comm Based Org/Eco Dev Tech	0	0	4	0	\$ -
13170 Neighborhood Outreach and Admin	0	0	54	0	\$ -
13171 HOME Administration	0	0	9	0	\$ -
36XXXX Leave of Absence		2		2	\$ -
36XXXX Worker's Comp		(4)		(4)	\$ -
36XXXXUnmatched		0		0	\$ -
TOTAL	<u>170</u>	<u>170</u>	<u>162</u>	<u>(8)</u>	<u>\$ -</u>

Significant Funding by Appropriation

Appro. Program

00014	Community Development	This appropriation decreases slightly by \$7,926 in 2010-11.
00015	Real Estate - City	This appropriation transfers to a new appropriation in 2010-11, to 13168 Real Estate and GIS Services in org 36508 Real Estate-City at \$1,599,611, a \$405,469 (20.2%) reduction from the current fiscal year.
00595	Economic Dev. Corporation	The City's contribution for the Economic Development Corporation remains unchanged at \$300,000 in 2010-11 FY.
00597	Economic Grow. Corporation	The City's contribution for the Detroit Economic Growth Corporation remains unchanged at \$1 million in 2010-11 FY.
00883	Development - City	This appropriation of \$1.29 million is eliminated in the 2010-11 FY. One section, org 360145 of \$460,402 in the current fiscal year, transfer to appropriation 13166 Business Outreach at \$403,914 in 2010-11.

- 13166 Business Outreach This new appropriation of \$2 million in the 2010-11 FY, includes the new org 365010 Welcome Center/Business Admin. The Welcome Center/Business Administration org of \$902,964 includes 3 fte's, one (1) Executive Assistant to the Mayor V (transferred in from the Mayor's Office), one (1) Manager I – Planning & Development and one (1) Principal City Planner-Design. In addition this appropriation includes orgs 365020 DBB Certifications of \$66,210 and one fte and Office Of Neighborhood & Commercial Revitalization of \$647,902 and 3 fte's, of which together are comprised of the 4 transfers from the Finance Department's Office of Targeted Business. The last org in this appropriation is org 365040 Development-City of \$403,914.
- 13167 Administration This new appropriation of \$3.4 million in the 2010-11 FY, includes org 365060 Abatement Approvals and Monitoring. The new functioning unit in org 365060 Abatement Approvals and Monitoring, budgeted at \$298,100, includes the 3 new transfers from the Human Rights Department. This appropriation also includes \$3.1 million in Block Grant Funds and 20 fte's, transferred over from Block Grant appropriation 06044 Development BG.
- 11134 Off. of Neigh. Development This appropriation of \$234,195 is moved to the Business Services Activity in the 2010-11 FY (Executive Budget pg. 36-46).

Significant Revenue Change by Appropriation and Source

Appro. Program

- 00014 Community Development Revenue source increases by \$6.8 million due primarily to a \$6.5 million decrease in Sales of Real Property and a \$300,000 decrease in the Rentals Public Buildings.

Planning and Development (36)

Budgeted Professional and Contractual Services by Activity	FY 2009-10 Budget	FY 2010-11 Recommended	Increase (Decrease)
Administration	\$ 311,500	\$ 389,100	\$ 77,600
Development	650,022	-	(650,022)
Business Services	98,595	349,200	
Planning Services	-	233,805	233,805
Planning	-	-	-
Neighborhood Services	120,000	323,691	203,691
Bonded Capital Projects	-	-	-
Office of Neighborhood Commercial	-	-	-
Total	<u>\$ 1,180,117</u>	<u>\$ 1,295,796</u>	<u>\$ 115,679</u>

Professional and Contractual Services increase slightly by \$115,679 (9.8%) in the 2010-11 FY.

Issues and Questions

The Mayor has recommended a net decrease of 8 positions for Planning and Development in the 2010-11 FY. It appears that the reductions in positions include the elimination of 17 grant positions, offset by the transfer of 9 positions to the department, 4 from the Finance Department's Office of Targeted Business, 3 from Human Rights and 2 from the Mayor's Office (one (1) Executive to the Mayor V and one (1) Assistant to the Mayor III) in 2010-11 FY.

There are indications that the department's reduction of grant positions (17) may have placed the City 2010-11 Block Grant allocation in jeopardy? What was the rationale for the reductions? Was HUD consulted prior to the department deciding to cut back on the grant positions for 2010-11FY? If not, why?

What is HUD's position on the 2010-11 reorganization planned for PDD, which includes the reduction of 17 grant funded positions?

in grant funded positions may have placed the

Please state the function and rationale for each of the 9 positions that will transfer in to PDD from each of the following departments:

- **Mayor's Office (2)**
- **Finance Department (4)**
- **Human Rights Department (3)**

(Pg 36-3) DEVELOPMENT MEASURES AND TARGETS

Contract Compliance Unit:

CDBG Grant Management	2007-08 Actual	2008-09 Actual	2009-10 Projected	2010-11 Target
Number of Contracts Reviewed	55	55	55	22
Percent Change		0%	0%	-60%

As the Chart above indicates, the targeted number of contracts reviewed is estimated to decline significantly (60%) in the upcoming fiscal year. What is the rationale for this projection and what is the anticipated impact of this reduction?

Financial Management Unit:

Accounting/ financial controls	2007-08 Actual	2008-09 Actual	2009-10 Projected	2010-11 Target
Number of financial transactions processed	1275	1500	1500	940
Percent Change		18%	0%	-37%

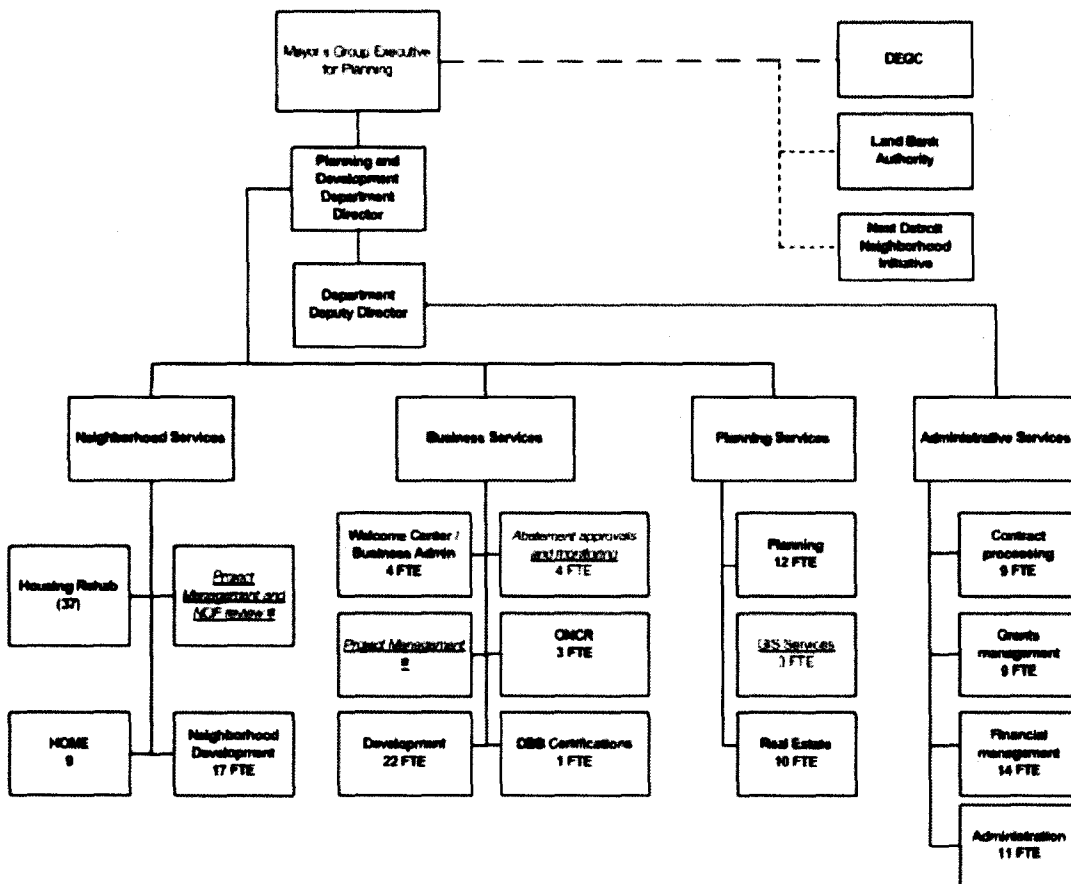
As the Chart above indicates, the targeted number of financial transactions processed is also estimated to decline significantly (37%) in the 2010-11 FY. What is the rationale for this projection and what is the anticipated impact of this reduction?

PDD Flow Chart Executive Budget Summary (Pg D115)

Based on the flow chart below, it appears the department's deputy director has little to no authority over three of the four major sections of the department, Neighborhood Services, Business Services and Planning. The chart does, however, indicate that the deputy director does in fact have authority over the Administrative Services section.

- Please describe the role of the department's deputy director in regard to the four sections of the department.
- Please describe the roles of both the Mayor's Group Executive to Planning and the Planning and Development Department's Director's position. Who will administer the department's day-to-day operations, the Group Executive or the Department Director? Please explain.
- Please indicate what sections of the department below will carry out the department's general fund functions and activities and which ones will administer the department's grant functions and programs in the 2010-11 FY.

Planning and Development Department



Business Services Division

- **(Pg 36-10) Major Initiatives for FY 2009-10:** This states that the newly formed division will “create a Business Advocate” through the consolidation of the transfers of the Office of Targeted Business from Finance and the tax abatement monitoring function from Human Rights.

This appears to indicate the plan is for the department to implement the transfer of functions from Finance and Human Rights prior to the 2010-11 FY. Are the planned transfers from Finance and Human Rights to PDD mentioned above set to take effect prior to July 1 2010?

What was the rationale for the transfer of both the Finance Department and Human Rights functions mentioned above to PDD?

Please detail the functions of the new tax abatement monitoring section of PDD. How ill they differ from what the Human Rights Department is currently doing? Will PDD's tax abatement monitoring include site visits? If so, will the department make recommendation to Council based on the results of site visits?

The current Industrial Facility Exemption Certificate (IFEC) Agreements include several references to the Human Rights Department. With the new plan to transfer the abatement monitoring function from Human Rights to PDD, has the department made plans to modify the IFEC agreements to reflect the proposed changes?

The department is also planning on two transfers from the Mayor's Office in 2010-11.

What is the rationale for the transfer? Will it take place prior to the upcoming fiscal year?

- **(Pg 36-12) Development project support**

	2007-08 Actual	2008-09 Actual	2009-10 Projected	2010-11 Target
Number of Site Plans Reviewed	N/A	200	200	2,000

As the Chart above indicates, the Number of Site Plans Reviewed in the 2010-11 fiscal year are expected to at ten times the number of the previous two fiscal years. What is the department's rationale for this target for the 2010-11 FY?

It appears the department has several general fund activities and grant funded activities in the same appropriations. If so, where, and will any changes need to occur before te start of the new fiscal year?

Please provide a list of all fees and charges made by the Planning and Development Department. Include the amount of the current fee or charge. Indicate when the fee or charge was last changed, and the amount of the change. Indicate if the fee or charge was reviewed as part of the city-wide fee study conducted by Maximus. If the fee was included in the study what was the recommendation? Has the recommendation been implemented? If not provide an explanation of why the recommendation was not implemented?

Is the department involved in any activities that are not recorded as part of the city's financial reporting system? If so, identify what the activities are. Example, the Mayor's Office has established a non-profit organization in connection with the soon to be renamed, Next Detroit Neighborhood Initiative Program.

Does the department use any automated or electronic systems not directly linked to the financial reporting system, DRMS? Is so, identify what the systems are, and what the plans and timetable is to incorporate the system into DRMS. Example, the Recreation Department has a Recreation Activity Fund whose financial records are maintained separately from the DRMS system.

What are Distributed Costs?

IC:DH